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IN THE

Supreme Court of the United States

October Term, 1973

No. 73-907

B & J MANUFACTURING COMPANY,
Petitioner,

v.

SOLAR INDUSTRIES, INC.,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

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SOLAR INDUSTRIES, INC.,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

Petitioner, B & J Manufacturing Company, prays that a Writ of Certiorari be granted to review the judgment and opinion of the United States Court of Appeals for the Eighth Circuit entered in the above entitled cause on August 1, 1968.

CITATIONS TO OPINIONS BELOW

The District Court's opinion is reported at 176 USPQ 246 (D. Minn. 1972) and is printed at A-1.[1]

The opinion of the Court of Appeals is reported at 483 F.2d 594 and is printed at A-13. The Judgment of the Court

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[1]The abbreviation "A" herein is used to refer to the Appendix bound with this Petition.

of Appeals appears at A-23. The order of the Court of Appeals denying rehearing and rehearing in banc appears at A-24.

JURISDICTION

The Judgment of the United States Court of Appeals for the Eighth Circuit entered in an interlocutory appeal taken pursuant to 28 U.S.C. 1292(b) and affirming the judgment of the United States District Court for the District of Minnesota, Fourth Division, was entered on August 1, 1973. The Court of Appeals denied a timely petition for rehearing en banc on September 11, 1973, and this petition for certiorari was filed within 90 days of that date.

The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1). See also *Rosenblatt* v. *American Cyanamid Co.*, 86 S.Ct. 1, 3, 15 L.Ed. 2d 39, 42 (1965).

QUESTIONS PRESENTED

(1) Whether a non-resident "purposefully avails itself of the privilege of conducting activities within the forum State" where the non-resident asserts a chose in action against a resident through interstate letter and telephone communications received in the forum state?

(2) Whether the assumption of personal jurisdiction over a non-resident holder of a chose in action offends "traditional notions of fair play and substantial justice" where the non-resident's relevant "contacts" with the forum state constitute interstate letter and telephone assertions of the chose in action against a resident declaratory judgment plaintiff?

STATUTORY PROVISIONS INVOLVED

Minnesota Statutes Annotated:

§ 543.19. *Personal Jurisdiction Over Non-Residents*

Subdivision 1. As to a cause of action arising from any acts enumerated in this subdivision, a court of this state with jurisdiction of the subject matter may exercise personal jurisdiction over any foreign corporation or any non-resident individual, or his personal representative, in the same manner as if it were a domestic corporation or he were a resident of this state. This section applies if, in person or through an agent, the foreign corporation or non-resident individual:

(a) Owns, uses, or possesses any real or personal property situated in this state, or

(b) Transacts any business within the state, or

(c) Commits any tort in Minnesota causing injury or property damage within Minnesota, or

(d) Commits any tort outside of Minnesota causing injury or property damage within Minnesota, if, (1) at the time of injury, solicitation or service activities were carried on within Minnesota by or on behalf of the Defendant, or (2) products, materials or things processed, serviced or manufactured by the defendant were used or consumed within Minnesota in the ordinary course of trade.

Subdivision 2. The service of process on any person who is subject to the jurisdiction of the courts of this state, as provided in this section, may be made by personally serving the summons upon the defendant outside this state with the same effect as though the summons had been personally served within this state.

Subdivision 3. Only causes of action arising from acts enumerated in Subdivision 1 may be asserted against a de-

fendant in an action in which jurisdiction over him is based upon this section.

Subdivision 4. Nothing contained in this section shall limit or affect the right to serve any process in any other manner now or hereafter provided by law or the Minnesota Rules of Civil Procedure.

Subdivision 5. Non-resident individual, as used in this section, means any individual, or his personal representative, who is not domiciled or residing in the state when suit is commenced.

STATEMENT OF THE CASE

Respondent, Solar, a Minnesota corporation having its sole place of business in Osseo, Minnesota, filed on September 13, 1972, a complaint for declaratory judgment with a local Minnesota federal district court alleging subject matter jurisdiction under 28 U.S.C. 2201 and 1338(a) and seeking a declaration of invalidity and non-infringement of U.S. Patent No. 3,552,469, assigned by mesne assignment to Petitioner, B & J, an Illinois corporation having its sole domestic place of business in Glenwood, Illinois.

Service of process was made on B & J at its Illinois home under the purported authority of FRCP Rule 4(e) and the Minnesota "long arm" statute reproduced above, specifically under subdivision 1(b) relating to the transaction of "any business" in Minnesota. B & J moved to dismiss the complaint under FRCP Rule 12(b)(2) and (3) on the grounds of lack of jurisdiction of the person and improper venue, respectively.

Following limited discovery, the motion was presented to the Court for decision on the basis of undisputed facts which may be summarized as follows:

B & J's predecessor in title to the patent, Bruce L Caulkins, Inc., a Michigan corporation, notified Solar by letter

dated January 5, 1971, that it was infringing the aforesaid patent. Such notice is, under 35 U.S.C. 287, a condition precedent to preservation of a patentee's right to recover damages. Further correspondence and telephone discussions ensued between the counsel for Caulkins and Solar who were located, respectively, in Michigan and Minnesota. The communications of counsel related to the details of the infringement charge and to cessation of the infringement by substitution of a modified structure. Caulkins was concurrently negotiating with B & J for sale of the patent, and about the time prospects for settlement with Solar dimmed, the patent was assigned to B & J. Following several fruitless telephone discussions with Solar's counsel, B & J filed an infringement suit on September 8, 1971, against a major customer of Solar in the federal district court in Akron, Ohio. Solar promptly responded by filing the Minnesota declaratory judgment action noted above. The record also reflects the fact that some products of B & J unrelated to the patented structure had reached Minnesota, but this activity was sparse and for reasons soon to become apparent such is irrelevant to the Court of Appeals judgment here at issue.

The district court found jurisdiction under the above quoted statute on several grounds and also held venue to be proper. However, the district judge noting that his order involved "a controlling question of law as to which there is substantial ground for difference of opinion. . . ." certified the jurisdictional issue for interlocutory appeal under 28 U.S.C. 1292(b), and the Court of Appeals exercised its discretion in favor of permitting the appeal.

The Court of Appeals apparently appreciating that Subdivision 3 of the above quoted statute demands a nexus between the business transacted and the cause of action sued upon predicated its affirmance of the district court judg-

ment on a singular ground, concisely set forth in the following quoted portion of the Court of Appeals opinion:

> "We do not find it necessary here to rule on each of the possible grounds for jurisdiction which are asserted by the plaintiff. Rather we are convinced the plaintiff's cause of action arose from the defendant's transaction of business in Minnesota and, therefore, personal jurisdiction was properly obtained in accordance with M.S.A. § 543.19, subd. 1(b).
>
> • • •
>
> "It is undisputed that the plaintiff's action arose directly from the fact that through their attorneys, the defendant and the assignor of its patent advised the plaintiff, by letters received in Minnesota to refrain from infringing on the "tire bead seater" patent and, further threatened that a suit for infringement would be brought against the plaintiff if it refused to discontinue the manufacture and sale of its competing product. Irregardless of the validity of the defendant's patent, *there is no doubt but that the requests* and threats were designed to reduce competition and thereby improve defendant's marketing and economic position. *As such, we are convinced that the sending of these letters did, in a very real sense, constitute a transaction of business in Minnesota.*" (A19-20, emphasis supplied).

REASONS FOR GRANTING THE WRIT

I. The Decision Below Raises Significant and Recurring Problems Concerning the Constitutional Dimensions of In Personam Jurisdiction of Foreign Corporations

> "The foundation of jurisdiction is physical power." Justice Holmes, *Ex parte Indiana Transport Co.*, 244 U.S. 456, 457 (1917)

Constitutional "due process" undeniably places some limitation on the power of courts situated within a state to

enter binding judgments against non-residents served outside of the state's boundaries. But as observed by this Court:

> ". . . just where this line of limitation falls has been the subject of prolific controversy, particularly with respect to foreign corporations." *McGee* v. *International Life Insurance Co.*, 355 U.S. 220, 222 (1957)

The doctrinal standards for exercise of jurisdictional power over non-residents continues in metamorphosis, as noted by this Court in the *McGee* opinion:

> "In a continuing process of evolution this Court accepted and then abandoned "consent", "doing business", and "presence" as the standard for measuring the extent of state judicial power over such [foreign] corporations . . . More recently . . . the Court decided that "due process requires only . . . minimum contacts . . . such that the maintenance of the suit does not offend 'traditional notions of fair play and substantial justice.'" Id., at 222.

The *McGee* case decided in 1957 by a unanimous Court was followed one year later by its decision in *Hanson* v. *Denckla*, 357 U.S. 235 (1958) sponsored by a bare majority of the Court with four justices dissenting in two separate opinions. While the *McGee* decision in finding jurisdiction emphasized factors pertinent to the choice-of-law problem and the doctrine of forum non conveniens, the *Denckla* majority in finding a lack of personal jurisdiction emphasized the requirement of "power", holding:

> ". . . but it is essential in each case that there be some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws." 357 U.S. at 253

The apparent *McGee-Hanson* dichotomy has provoked considerable debate among commentators. See, e.g. Scott,

"*Hanson v. Denckla*", 1959, 72 Harv. L. Rev. 695; Reese and Galston, "Doing an Act or Causing Consequences as Bases of Judicial Jurisdiction", 1959, 44 *Iowa L. Rev.* 249; Kurland, "The Supreme Court, the Due Process Clause and the In Personam Jurisdiction of State Courts—From Pennoyer to Denckla: A Review", 1958, 25 *U. Chi. L. Rev.* 569. The lower courts have of necessity relied on the not altogether harmonious holdings of these decisions in resolving in personam jurisdiction in many hundreds of cases. The result has been a perplexing unevenness in approach to the jurisdictional problem and an inconsistency of result. Professors Wright and Miller in their treatise on Federal Procedure remark:

> "Unfortunately, the Supreme Court has done little since its decision in Hanson to explicate that case's significance." Wright & Miller, Federal Practice and Procedure: Civil § 1067, p. 241

The facts of this case present an opportunity for this Court to assess the fifteen year experience since *Hanson,* and to provide clarification of the apparent, if not real, *McGee-Hanson* dicotomy that has troubled and divided the lower courts.

The differing jurisdictional considerations emphasized respectively in *McGee* and *Hanson* surface in the facts of this case, enabling an interplay of these factors in any decisional analysis.

More particularly, B & J is a corporate enterprise with a successful product line sold in many states. Although some of its literature and products have reached Minnesota, these contacts with the state have been sporadic and clearly less than the "due process" threshold. At any rate, such are irrelevant to resolution of the jurisdictional issue since Subdivision 3 of the earlier-quoted Minnesota statute, like many other "long arm" statutes, demands that the cause of action arise from the activities conducted within the state,

and no such nexus existed between the literature and products and the cause of action sued upon. See *Florida Towing Corp.* v. *Oliver J. Olson & Co.*, 426 F.2d 896 (5th Cir. 1970). Thus, only the interstate communications are at issue in determining jurisdiction.

The patent in suit, acquired by B & J from Caulkins, is directed to a new product area for B & J; however, none of the new products or literature reached Minnesota. Only letter and telephone communications asserting the patent right were received in Minnesota. Admittedly, such communications created a "justiciable controversy" cognizable under the Declaratory Judgment Act, 28 U.S.C. 2201. The pivotal question is whether such communications also suffice to establish personal jurisdiction. To so hold, requires an abandonment of the principles of *Hanson* which demand a "purposeful" conduct of activities within the forum state, and an invocation of the benefits and protection of its laws. In this regard, it is fundamental that no state may lawfully impose unreasonable conditions to use of the U. S. mails or any other interstate form of communication, such as the telephone. Specifically, a state may not condition use of the mails on the waiver of a Constitutional right, here the right to procedural "due process." *Lamont* v. *Postmaster General*, 381 U.S. 301 (1965); *Manual Enterprises, Inc.* v. *Day*, 370 U.S. 478 (1962). Accordingly, Minnesota had no basis for the exercise of power over B & J.

From the standpoint of convenience, arguments may be made both for and against the Minnesota forum. B & J is a corporate enterprise with the resources to enforce its patent, and can, with a measure of inconvenience, adjudicate those rights in Minnesota. The assertion of the patent involved possible tortious conduct by a Minnesota resident and the evidence of same is to be found in Minnesota.

All this brings us to the essential question: Is jurisdiction to be effectively equated with "convenience," and all semblance of a "power" requirement for jurisdiction to be abandoned in favor of nationwide in personam jurisdiction?

II. The Decision Below Conflicts With the Decision of This Court And the Decisions of Other Courts of Appeal

In *McGee,* this Court held a nonresident insurance company subject to personal jurisdiction in California on the basis of contractual obligations to a resident insured consumated entirely through the U. S. mails. But could the insurance company that was undoubtedly dunned for its failure to promptly honor the policy have precipitated the fray by filing a declaratory judgment action in Texas and serving the insured's executor at his California home? It is manifest that the answer to this hypothetical question is "no." Yet, that is precisely what happened to B & J here.

The assumption of jurisdiction over B & J was improper under the standards of either *McGee* or *Hanson.* B & J merely asserted its federally granted, *prima facie* valid patent right through interstate communications. These communications were motivated by the provisions of 35 U.S.C. 287 which demand notice to an infringer as a condition precedent to preservation of the patentee's right to recover damages. If a letter or telephone call will trigger personal jurisdiction that did not otherwise exist, the tendency with respect to the assertion of any chose in action will be to sue first and talk later, an obviously unwholesome result from a public policy standpoint and, in so far as patents are concerned, one which conflicts with the Congressional policy of 35 U.S.C. 287.

It seems inconceivable that protection of a federally granted right through use of the federal mails in a manner dictated by federal statute with no *voluntary* or *purposeful* use of any facility of the state can amount to the doing of

business within the state. The holding of the lower Court improperly burdens the federal right and impairs the legislative scheme designed to benefit the public. *Wine Ry. Appliance Co.* v. *Enterprise Ry. Equip. Co.*, 297 U.S. 387 (1936). To the extent that protection of the B & J patent right may even be termed a "commercial" action, the assertion of process against one taking a statutory step to preserve the right is an unreasonable burden on interstate commerce. c.f. *Davis* v. *Farmers' Co-op Equity Co.*, 262 U.S. 312 (1922).

B & J did not *voluntarily* or *purposefully* seek or derive benefit or advantage from any law of the state of Minnesota. Indeed, it *purposefully* withheld its patented product from the state.

Assumption of jurisdiction over B & J also offended "traditional notions of fair play and substantial justice" *McGee* v. *International Life Insurance Co.* 355 U.S. at 222. The choice of forum for litigation is among the valuable prerogatives of a patentee and is an essential factor in determining whether the patentee was afforded a full and fair opportunity to litigate the validity of his patent. *Blonder-Tongue* v. *University Foundation*, 402 U.S. 313, 332-333 (1970). Reaching out and dragging a reluctant patentee into a forum on the basis of the patentee's discharge of the statutory conditions of 35 U.S.C. § 287 amounts to entrapment of the patentee and surely deprives the patentee of the opportunity for forum selection sought to be guaranteed him by the Supreme Court in *Blonder-Tongue, supra.*

The courts of other jurisdictions have rejected the approach to in personam jurisdiction followed by the Eighth Circuit in the present case. For example, the Seventh Circuit in *Trippe Manufacturing Co.* v. *Spencer Gifts, Inc.*, 270 F.2d 821, 823 held:

> "Plaintiff also contends that by mailing into Illinois catalogs which contained false statements, defendant

committed a tortious act within Illinois. We think the answer to this claim is that defendant did not perform any act in the State of Illinois, tortious or otherwise."

see also *Nagel* v. *Cutter Co., Inc.*, 50 Wisc.2d 638, 184 N.W.2d 876 (Wis. Sup. Ct. 1971); *Agrashell, Inc.* v. *Bernard Sivotta Company*, 344 F.2d 583, 587 (2nd Cir. 1965); *Buckley* v. *New York Times Company*, 338 F.2d 470, 474 (5th Cir. 1964); *Smith* v. *Piper Aircraft Corporation*, 425 F.2d 823 (5th Cir. 1970); *Wright* v. *Yackley*, 459 F.2d 287 (9th Cir. 1972).

CONCLUSION

This Court should grant the Writ to review the law of in personam jurisdiction over nonresident corporations as expressed in the *McGee* and *Hanson* decisions of this Court, and in order to resolve the conflict between the holding of the lower court and the decisions of this Court and the decisions of other Courts of Appeal.

Respectfully Submitted,

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APPENDIX

OPINION OF THE DISTRICT COURT

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA
FOURTH DIVISION

4-71 Civ. 476

SOLAR INDUSTRIES, INC.,
Plaintiff,

v.

B & J MANUFACTURING COMPANY,
Defendant.

Appearances:

Merchant & Gould, Robert T. Edell, and Alan G. Carlson, all of Minneapolis, Minn., for plaintiff.

H. Dale Palmatier, Minneapolis, Minn., for defendant.

Lord, District Judge.

The above entitled action is one in which plaintiff seeks a Declaratory Judgment that United States Letters Patent Number 3,552,469, owned by defendant, is invalid and thus cannot be infringed by plaintiff. In its complaint, plaintiff alleged that jurisdiction resides in this Court according to 28 U.S.C. § 1338(a) and 28 U.S.C. § 2201, that jurisdiction of the parties resides in this Court pursuant to M.S.A. § 303.13, M.S.A. § 543.19[1] and Rule 4 of the Federal Rules of Civil Procedure, and that venue resides in this Court under 28 U.S.C. § 1391(c).

At a hearing held December 22, 1971, defendant moved

[1]M.S.A. § 303.13 and M.S.A. § 543.19 are hereinafter sometimes referred to as the Minnesota "long arm" statutes.

the Court pursuant to Rule 12(b) to dismiss this action, or in lieu thereof, to quash the return of service on the following contested grounds.

1. Personal jurisdiction was not obtained over defendant by service of process pursuant to the Minnesota "long arm" statutes because defendant's activities were not of a character to permit extra-territorial service of process under such statutes as required by Rule 4(e).

2. The requirements for venue in this forum of 28 U.S.C. § 1391(c) are not met in this action.

3. This action should not be tried in this forum because of the doctrine of forum non conveniens, and because the action previously instituted in the United States District Court for the Northern District of Ohio will determine all matters and issues involved in this action.

The Court finds that the following facts are not disputed by the parties, and therefore adopts them as its findings of fact:

1. Plaintiff, Solar Industries, Inc., is a Minnesota corporation having its principal place of business at Route #2, Box 365, Osseo, Minnesota 55369.

2. Defendant, B & J Manufacturing Co., is an Illinois corporation having its principal place of business at Glenwood, Illinois.

3. On September 15, 1971, process was served on the Minnesota Secretary of State, pursuant to M.S.A. § 303.13, who thereafter mailed a copy of the process to the defendant at Glenwood, Illinois.

4. On September 27, 1971, personal service was made on Mr. W. E. Jensen, Executive Vice President of defendant, by a United States Marshal for the Northern District of Illinois pursuant to M.S.A. § 543.19.

5. Defendant is not licensed to do business in Minnesota, and does not maintain a bank account or inventory here, or own, use or possess any real property located here.

6. Defendant has not and does not maintain any offices or place of business in Minnesota, and does not have any employees in Minnesota. Defendant does have "sales service personnel" which travel all over the country (presumably including Minnesota) visiting retread shops to make sure defendant's products are performing properly. The last employee to be in Minnesota was such a technical representative who was here in August, 1970.

7. Defendant has sold its line of Rocket rasps, its line of carbide wheels and tools, and its pollution control equipment in Minnesota. Defendant has made such sales to the following Minnesota companies in the last two years:

a. N. R. Hansemann Co.
4020 Minnehaha Av. So.
Minneapolis, Minn. 55406

b. Marangoni, U.S.A.
P.O. Box 125
Winona, Minn. 55987

c. Paul E. Hawkinson Co.
1325 Winter Street, N.E.
Minneapolis, Minn. 55413

d. Falk Body Shop
220 W. First Street
Zumbrota, Minn.

e. Art Sadler's Body Shop
416 So. Broadway
Rochester, Minn. 55901

f. Tire Retread Co.
P.O. Box 144
Virginia, Minn. 55792

In addition to the above, drop shipments were made in the State of Minnesota for the accommodation of buyers outside of Minnesota.

8. These sales totaled $15,903.09 from July 19, 1969 to December 31, 1969, $50,549.85 in 1970, and $41,287.03 from January 1, 1971 to November 19, 1971.

9. The vast majority of the sales were made to N. R. Hansemann Co. which is defendant's distributor in Minnesota.

10. Defendant advertises in various national publications which are distributed in Minnesota, and Minnesota readers of these publications who make inquiry are sent informative literature by defendant's sales department and advised to contact defendant's local distributor. In some cases, N. R. Hansemann Co. is directly informed of the inquiry. Defendant is certain that some sales have resulted from this process.

11. Defendant's products sold in Minnesota are sent to defendant's plant in Glenwood, Illinois for any needed repairs.

12. N. R. Hansemann Co. was provided with certain of defendant's catalogs, imprinted with defendant's name, address and various trademarks and trade names, to be used in making sales of defendant's products in Minnesota.

13. N. R. Hansemann Co. carries a complete line of defendant's products except the tire bead seater of the type disclosed by Patent Number 3,552,469, the subject of this suit. The reasons for this are that N. R. Hansemann Co. has not ordered any such tire bead seaters and that defendant does not want plaintiff to be able to establish jurisdiction over defendant in this action.

14. Defendant purchased the patent in question from

Bruce Caulkins, Inc. of Harper Woods, Michigan in July 1971. Prior to such purchase, Bruce Caulkins, Inc. manufactured the tire bead seater in question and distributed it in Minnesota through a distributor. Defendant began to market the tire bead seater on October 4, 1971.

15. Defendant has instituted a patent infringement action involving Patent Number 3,552,469 in the Northern District of Ohio against one of plaintiff's distributors who handles plaintiff's tire bead seaters. In addition, defendant has threatened such actions against other distributors of plaintiff's tire bead seater.

16. Plaintiff and defendant have had no direct business or contractual relationships in Minnesota.

PERSONAL JURISDICTION

Defendant claims that personal jurisdiction was not obtained over it by service of process pursuant to the Minnesota "long arm" statutes because its activities were not of a character to permit extra-territorial service of process under such statutes as required by Rule 4(e). Plaintiff's position is that the Minnesota "long arm" statutes have been interpreted to be as broad as possible consistent with due process, and that defendant's activities relating to Minnesota have been sufficient to satisfy the "doing business" and "minimal contact" due process tests.

In Hunt v. Nevada State Bank, 285 Minn. 77, 172 N.W.2d 292 (1969), the Minnesota Supreme Court concluded that M.S.A. § 543.19 extended the extra-territorial jurisdiction of Minnesota courts to its maximum reach consistent with the constitutional limitations of due process, stating that:

> We think the most basic interest of our legislature in enacting § 543.19 was to afford maximum protection to this State's residents injured by the acts of nonresi-

> dents; that is, to extend the extra-territorial jurisdiction of our courts to the maximum limits consistent with constitutional limitations. 285 Minn. at 96, 172 N.W.2d at 304.

This broad interpretation is applicable to M.S.A. § 303.13 as well as to M.S.A. § 543.19.[2]

The Supreme Court, in International Shoe Co. v. Washington, 326 U.S. 310 (1945), set out the due process limitation on a state's exertion of extra-territorial jurisdiction as follows:

> [D]ue process requires only that in order to subject a defendant to judgment in personam, if he be not present within the territory of the forum, he have certain minimum contacts with it such that the maintenance of the suit does not offend "traditional notions of fair play and substantial justice." 326 U.S. at 316.

The Supreme Court went on to state that:

> It is evident that the criteria by which we mark the boundary line between those activities which justify the subjection of a corporation to suit, and those which do

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[2]See generally, Minnesota Automotive, Inc. v. Stromberg Co., 309 F.Supp. 614, 164 USPQ 503 (D.C. Minn. 1970); Electro-Craft Corp. v. Maxwell Electronics Corp., 417 F.2d 365 (8th Cir. 1969); McDermott v. Bremson, 273 Minn. 104, 139 N.W.2d 809 (1966); Aftanase v. Economy Baler Co., 343 F.2d 187 (8th Cir. 1965); Williams v. Connolly, 227 F.Supp. 539 (D.C. Minn. 1964); Ehlers v. United States Heating & Cooling Mfg. Corp., 267 Minn. 56, 124 N.W.2d 824 (1963); Paulos v. Best Securities, Inc., 260 Minn. 283, 109 N.W.2d 576 (1961); Adamek v. Michigan Door Co., 260 Minn. 54, 109 N.W.2d 607 (1961); Beck v. Spindler, 256 Minn. 543, 99 N.W.2d 670 (1959). Cf. Marshall Egg Transport Co. v. Bender Goodman Co., 275 Minn. 534, 148 N.W.2d 161 (1967), Fourth Northwestern Nat. Bank v. Hilson Industries, Inc., 264 Minn. 110, 117 N.W.2d 732 (1962), and Dahlberg Co. v. Western Hearing Aid Center, Ltd., 259 Minn. 330, 107 N.W.2d 381 (1961), cert. denied, 366 U.S. 961 (1961).

> not, cannot be simply mechanical or quantitative. The test is not merely, as has sometimes been suggested, whether the activity, which the corporation has seen fit to procure through its agents in another state, is a little more or a little less * * *. Whether due process is satisfied must depend rather upon the quality and nature of the activity in relation to the fair and orderly administration of the laws which it was the purpose of the due process clause to insure. That clause does not contemplate that a state may make binding a judgment in personam against an individual or corporate defendant with which the state has no contacts, ties, or relations * * *. But to the extent that a corporation exercises the privilege of conducting activities within a state, it enjoys the benefits and protection of the laws of that state. The exercise of that privilege may give rise to obligations, and, so far as those obligations arise out of or are connected with the activities within the state, a procedure which requires the corporation to respond to a suit brought to enforce them can, in most instances, hardly be said to be undue. 326 U.S. at 319.

In subsequent cases, especially McGee v. International Life Ins. Co., 355 U.S. 220 (1957), and Hanson v. Denckla, 357 U.S. 235 (1958), the Supreme Court further indicated that there are no mechanical or quantitative due process limits on the exercise of extra-territorial jurisdiction, and that what is "fair" varies with the facts of each case. In regard to McGee and Hanson, Professors Wright and Miller have written that:

> The McGee case thus made it clear that personal jurisdiction may be upheld on the basis of very minimal contacts for the forum state. Later in the same term, however, the Supreme Court, in its controversial decision in Hanson v. Denckla, demonstrated that there are limits beyond which due process cannot be stretched.[3]

[3]Wright & Miller, Federal Practice and Procedure: Civil § 1067 (1969).

[1] With these standards in mind, the Court has considered the facts, enumerated supra, relating to defendant's contacts with Minnesota, and has come to the conclusion that defendant has had sufficient contacts with Minnesota so that personal jurisdiction could be obtained over it, by service of process pursuant to M.S.A. § 303.13 or M.S.A. § 543.19, without offending "traditional notions of fair play and substantial justice."

Furthermore, the Court feels that certain tactics used by defendant[4] which, if successful, will have the intended or unintended result of foreclosing plaintiff's access to the courts of its home state in this matter, does offend "traditional notions of fair play and substantial justice," and as such could rightfully be considered along with the above described circumstances in deciding what is fair here. However, as noted supra, the Court finds that defendant has sufficient contacts with Minnesota to validate personal jurisdiction without considering such conduct by defendant. Therefore, defendant's motion to dismiss based on its claims of lack of personal jurisdiction and invalid service of process is denied. Defendant's alternative motion to quash the return of service is also denied.

VENUE

Defendant asserts that venue does not properly lie in this forum under 28 U.S.C. § 1391(c) because it has insufficient contacts with Minnesota to be said to be "doing business" here. Plaintiff claims that defendant is "doing

[4]The tactics referred to are defendant's attempt to effectively halt the plaintiff's business in the patented products by bringing and threatening to bring patent infringement actions against plaintiff's distributors instead of bringing such action against plaintiff itself, and its refusal to sell the patented product in Minnesota at least partially to avoid being subject to personal jurisdiction in Minnesota.

business" in Minnesota, within the meaning of 28 U.S.C. § 1391(c), so that venue does properly lie here.

The general rule is that the "doing business" test of 28 U.S.C. § 1391(c) is the same test as is used to determine whether a corporation has sufficient contacts with a state to be amenable to service of process under that state's "long arm" statute consistent with due process.[5]

Since the Court has already found that the defendant did have sufficient contacts with Minnesota to validate service of process on it under the Minnesota "long arm" statutes and thus give this Court personal jurisdiction over it, it follows from the aforementioned rule that venue also lies in Minnesota pursuant to 28 U.S.C. § 1391(c). Therefore, defendant's motion to dismiss based on lack of venue is denied.

FORUM NON CONVENIENS

Defendant claims that this action should not be tried by this Court because of the doctrine of forum non con-

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[5]See, 1 Moore's Federal Practice Par. 0.142[5-3] (1964) where it is stated that:

> [W]e believe that if a corporation is amenable to service of process it should be held to be "doing business" for venue purposes • • •. If it is not unfair to subject the corporation to the Court's jurisdiction by service of process, it seems wise and not unfair to hold that there is proper venue, particularly when the case can be transferred to another venue, if convenience warrants.

See also, cases cited in 1 Moore's Federal Practice Par. 0.142 [5-3, fn. 43] (1964); Nelson v. Victory Elec. Works, Inc., 210 F.Supp. 954 (D.C. Md. 1962); Houston Fearless Corp. v. Teter, 318 F.2d 822 (10th Cir. 1963); Kanton v. United States Plastics, Inc., 248 F.Supp. 353 (D.C. N.J. 1965); Patin v. Sioux City & New Orleans Barge Lines, 253 F.Supp. 984 (D.C. La. 1966); Carter-Wallace, Inc. v. Ever-Dry Corp., 290 F.Supp. 735, 160 USPQ 63 (D.C. N.Y. 1968); Westphal v. Stone Mfg. Co. 305 F.Supp. 1187 (D.C. R.I. 1969).

veniens and because the action previously instituted by defendant in the United States District Court for the Northern District of Ohio will determine all matters and issues involved in this action. Plaintiff contends that the present action can best resolve the differences between it and defendant, and that this action should rightfully be litigated before this Court.

The general rule as to dismissal in such situations, as stated by Professors Wright and Miller, is that:

> If a defect in venue is not demonstrated, the Court will deny the motion to dismiss.[6]

Since no defect in venue has been demonstrated, as discussed supra, defendant's motion to dismiss, based on the doctrine of forum non conveniens and the fact that there is a similar action now pending in Ohio, is denied.

The Court recognizes that it can treat such a motion to dismiss as a motion, under 28 U.S.C. § 1404(a), to transfer the action, "for the convenience of parties and witnesses, in the interest of justice, * * * to any other district or division where it might have been brought."[7] However, the Court feels that the convenience of the parties and witnesses is equally well served by allowing the action to remain in Minnesota, as it would be by transferring this action to Illinois or some other district. Certainly it would be more convenient for the defendant to have the action transferred closer to its principal place of business, but the convenience to the plaintiff, who has a right to choose his forum if jurisdictional and venue requirements are met, must also be considered. The Court, taking judicial notice of the fact

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[6]Wright & Miller, Federal Practice and Procedure: Civil § 1352 (1969).

[7]See, Savoia Films S.A.I. v. Vanguard Films, Inc., 10 F.R.D. 64 (S.D. N.Y. 1950).

that the distance between Illinois and Minnesota is not very great, feels that it is not in the interest of justice to transfer the action to another district. Therefore, the Court will not transfer the action pursuant to 28 U.S.C. § 1404(a).

[2] Defendant has correctly stated that the granting of Declaratory Judgment relief pursuant to 28 U.S.C. § 2201 and Rule 57 is a matter within the discretion of the Court.[8] Defendant asserts that this Court should deny Declaratory Judgment relief here because this action will serve no useful purpose. Defendant claims this action will serve no useful purpose because defendant's suit which is pending in Ohio against one of plaintiff's distributors, Akron Tire Supply Co., involves the same issues as involved in the present action. Defendant further claims that an unfavorable result as to it in the Ohio action will be binding on it with respect to plaintiff because of the Supreme Court's holding in *Blonder-Tongue Laboratories* v. *University of Illinois Foundation,* 402 U.S. 313, 169 USPQ 513 (1971).

The Court disagrees with defendant's reading of Blonder-Tongue, supra. That case merely held that an estoppel plea *could* be made by a defendant against the patentee in a subsequent suit, and not that the prior determination of patent invalidity was necessarily res judicata against the patentee. This is an important difference under the present circumstances since defendant has threatened patent infringement actions against other distributors of plaintiff's tire bead seater. Furthermore, the Court has not been convinced that the issues in the Ohio action are identical to those in the present action, especially since the parties involved in the two actions are not the same. Moreover, the Court concludes that the Declaratory Judgment action will serve a useful purpose because it will allow the parties to

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[8]See generally, 6A Moore's Federal Practice Par. 57.08 (1971) and cases cited therein.

resolve, between themselves, all their differences relating to Patent Number 3,552,469.

The Court feels that under such circumstances the plaintiff must be allowed to pursue Declaratory Judgment relief, and, in fact that this action is the best opportunity available to the parties for determining whether defendant's patent is valid, and, if so, whether plaintiff has infringed such patent. Therefore, the Court will not deny plaintiff Declaratory Judgment relief as requested by defendant.

In conclusion, defendant's motion to dismiss is denied as to all grounds raised, as is its alternative motion to quash the return of service. The Court will not deny the plaintiff Declaratory Judgment relief, and will not transfer the action to another district.

Enter

Miles W. Lord
Judge, U.S. District Court

Nov. 17, 1972

OPINION OF COURT OF APPEALS

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

No. 73-1022

B & J Manufacturing Company,
Appellant,

v.

Solar Industries, Inc.,
Appellee.

Appeal from the United States District Court for the District of Minnesota

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Submitted: May 17, 1973
Filed: August 1, 1973.

Before VAN OOSTERHOUT, Senior Circuit Judge, HEANEY, Circuit Judge, and TALBOT SMITH, Senior District Judge.*

HEANEY, Circuit Judge.

Solar Industries, Inc. sought a declaratory judgment under 28 U.S.C. § 2201, that a patent owned by the defendant for a "tire bead seater" was invalid and/or was not infringed by the plaintiff. Service of process on the defendant was obtained pursuant to Minnesota's "long-arm"

*District of Eastern Michigan, sitting by designation.

statutes, M.S.A. §§ 303.13[1] and 543.19,[2] as permitted by Rule

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[1]"*303.13 Service of Process*

"*Subdivision 1. Foreign corporation.* A foreign corporation shall be subject to service of process, as follows:

• • • • • • • •

"(3) If a foreign corporation makes a contract with a resident of Minnesota to be performed in whole or in part by either party in Minnesota, or if such foreign corporation commits a tort in whole or in part in Minnesota against a resident of Minnesota, such acts shall be deemed to be doing business in Minnesota by the foreign corporation and shall be deemed equivalent to the appointment by the foreign corporation of the secretary of the state of Minnesota and his successors to be its true and lawful attorney upon whom may be served all lawful process in any actions or proceedings against the foreign corporation arising from or growing out of such contract or tort. • • • The making of the contract or the committing of the tort shall be deemed to be the agreement of the foreign corporation that any process against it which is so served upon the secretary of state shall be of the same legal force and effect as if served personally within the state of Minnesota."

M.S.A. §303.13.

[2]"*543.19 Personal jurisdiction over nonresidents*

"Subdivision 1. As to a cause of action arising from any acts enumerated in this subdivision, a court of this state with jurisdiction of the subject matter may exercise personal jurisdiction over any foreign corporation or any nonresident individual, or his personal representative, in the same manner as if it were a domestic corporation or he were a resident of this state. This section applies if, in person or through an agent, the foreign corporation or nonresident individual:

"(a) Owns, uses, or possesses any real or personal property situated in this state, or

"(b) Transacts any business within the state, • • •

• • • • • • • •

"Subd. 2. The service of process on any person who is subject to the jurisdiction of the courts of this state, as provided in this section, may be made by personally serving the summons upon the defendant outside this state with the same effect as though the summons had been personally served within this state.

"Subd. 3. Only causes of action arising from acts enumerated in subdivision 1 may be asserted against a defendant in an action in which jurisdiction over him is based upon this section."

M.S.A. § 543.19.

4(e), Fed.R.Civ.P. The defendant, appearing specially, moved to dismiss the action or, alternatively, to quash the return of service on the ground, *inter alia,* that the court was without personal jurisdiction over the defendant. The District Court ruled that it had personal jurisdiction over the defendant, and certified the issue for an interlocutory appeal to this Court.

The pertinent facts, for the most part, are the following which were found by the trial court:[3]

> "1. Plaintiff, Solar Industries, Inc., is a Minnesota corporation having its principal place of business at • • • Osseo, Minnesota 55369.
>
> "2. Defendant, B & J Manufacturing Co., is an Illinois corporation having its principal place of business at Glenwood, Illinois.
>
> "3. On September 15, 1971, process was served on the Minnesota Secretary of State, pursuant to M.S.A. § 303.13, who thereafter mailed a copy of the process to the defendant at Glenwood, Illinois.
>
> "4. On September 27, 1971, personal service was made on Mr. W. E. Jensen, Executive Vice President of defendant, by a United States Marshal for the Northern District of Illinois pursuant to M.S.A. § 543.19.
>
> "5. Defendant is not licensed to do business in Minnesota, and does not maintain a bank account or inventory here, or own, use or possess any real property located here.
>
> "6. Defendant has not and does not maintain any offices or place of business in Minnesota, and does not have

[3]The unpublished opinion and order of the District Court was filed by Judge Miles W. Lord on November 17, 1972.

any employees in Minnesota. Defendant does have 'sales service personnel' which travel all over the country (presumably including Minnesota) visiting retread shops to make sure defendant's products are performing properly. The last employee to be in Minnesota was such a technical representative who was here in August, 1970.

"7. Defendant has sold its line of Rocket rasps, its line of carbide wheels and tools, and its pollution control equipment in Minnesota. Defendant has made such sales to * * * [six] Minnesota companies in the last two years:

* * * * * *

"In addition to the above, drop shipments were made in the State of Minnesota for the accommodation of buyers outside of Minnesota.

"8. These sales totaled $15,903.09 from July 19, 1969 to December 31, 1969, $50,549.85 in 1970, and $41,-287.03 from January 1, 1971 to November 19, 1971.

"9. The vast majority of the sales were made to N. R. Hansemann Co. which is defendant's distributor in Minnesota.

"10. Defendant advertises in various national publications which are distributed in Minnesota, and Minnesota readers of these publications who make inquiry are sent informative literature by defendant's sales department and advised to contact defendant's local distributor. In some cases, N. R. Hansemann Co. is directly informed of the inquiry. Defendant is certain that some sales have resulted from this process.

"11. Defendant's products sold in Minnesota are sent to defendant's plant in Glenwood, Illinois for any needed repairs.

"12. N. R. Hansemann Co. was provided with certain of defendant's catalogs, imprinted with defendant's name, address and various trademarks and tradenames, to be used in making sales of defendant's products in Minnesota.

"13. N. R. Hansemann Co. carries a complete line of defendant's products except the tire bead seater of the type disclosed by Patent Number 3,552,469, the subject of this suit. The reasons for this are that N. R. Hansemann Co. has not ordered any such tire bead seaters and that defendant does not want plaintiff to be able to establish jurisdiction over defendant in this action.

"14. Defendant purchased the patent in question from Bruce Caulkins, Inc. of Harper Woods, Michigan in July, 1971. Prior to such purchase, Bruce Caulkins, Inc. manufactured the tire bead seater in question and distributed it in Minnesota through a distributor. Defendant began to market the tire bead seater on October 4, 1971.

"15. Defendant has instituted a patent infringement action involving Patent Number 3,552,469 in the Northern District of Ohio against one of the plaintiff's distributors who handles plaintiff's tire bead seaters. In addition, defendant has threatened such actions against other distributors of plaintiff's tire bead seater.

"16. Plaintiff and defendant have had no direct business or contractual relationships in Minnesota."

The District Court found personal jurisdiction under both of the cited statutes. Initially, it indicated that the Minnesota Supreme Court has interpreted these statutes to extend the extra-territorial jurisdiction of the Minnesota courts to its maximum reach consistent with the constitutional limitations of due process. Next, it reviewed *Hanson* v. *Denckla,* 357 U.S. 235 (1958); *McGee* v. *International Life Ins. Co.,* 355 U.S. 220 (1957); and *International Shoe Co.* v. *Washington,* 326 U.S. 310 (1945), and concluded that the defendant had sufficient contacts with Minnesota in the instant case so that personal jurisdiction could be obtained over it without offending "traditional notions of fair play and substantial justice."

The plaintiff makes alternative arguments for jurisdiction. First, the plaintiff contends that service of process

was made consistent with due process and that it is not necessary to tie the grounds of jurisdiction to specific provisions in the "long-arm" statutes.[4] See, *Japan Gas Lighter Association* v. *Ronson Corp.*, 257 F.Supp. 219, 231-232 (D.N.J. 1966). Plaintiff maintains this approach is proper because the Minnesota Supreme Court specifically stated that the legislature by enacting the "long-arm" statutes in-

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[4]The trial court apparently adopted this theory, *albeit sub silentio*, in finding personal jurisdiction in the instant case. Moreover, this same theory involving the Missouri paralled to M.S.A. §543.19 was recently discussed by Chief Judge Matthes in *R. H. Fulton, etc.* v. *Chicago, Rock Island and Pacific Railroad Company, et al.*, Nos. 72-1344, 72-1376, slip opinion at 12 n. 5 (8th Cir. April 27, 1973):

> "A third independent ground for finding the long-arm statute applicable here could be the view taken by the Sixth and Seventh Circuits of similar statutes. *See Fisons Ltd.* v. *United States*, 458 F.2d 1241 (7th Cir.), *cert. denied*, 405 U.S. 1041, 92 S.Ct. 1312 (1972); *Southern Machine Co.* v. *Mohasco Industries, Inc.*, 401 F.2d 374 (6th Cir. 1968). In those cases, the courts dealt with the long-arm statutes of Illinois and Tennessee, respectively, which are marketedly similar to the Missouri statute *sub judice*. The courts of both those states had construed their statutes 'to assert jurisdiction over nonresident defendants to the extent permitted by the' Constitution. 458 F.2d at 1250. Consequently, the federal courts held they should not view the statutes as merely erecting a few enumerated, inflexible circumstances in which service could be effected, but as establishing one broad flexible test, to wit: if the service satisfies the Constitution, it satisfies the statute. Since Missouri has likewise construed § 506.500 as intended to reach the constitutional limits, *Missouri ex rel. Deere & Co.* v. *Pinnell, supra*, we could also adopt this test and avoid 'a pedantic quibbling with the wording of the statue,' 401 F.2d at 378, making it unnecessary to ask whether only § 506.500(1)(3) applies, whether it applies only to tort actions, whether a Carmack claim sounds in tort, etc. However, considering the answers to those questions given above, we find it unnecessary to take this expansive view of a state statute."

tended "to extend jurisdiction of [the state's] courts to the maximum limits consistent with constitutional limitations." *Hunt* v. *Nevada State Bank*, 172 N.W.2d 292, 304 (Minn. 1969), *cert. denied*, 397 U.S. 1010 (1970). See also, *Ellwein* v. *Sun-Rise, Inc.*, 203 N.W.2d 403 (Minn. 1972); *Mid-Continent Freight L.* v. *Highway Trailer Indus.*, 190 N.W.2d 670, 673 (Minn. 1971). Defendant, in turn, strenuously argues that the language of statutes must be closely adhered to and that in every instance where the Minnesota court has found personal jurisdiction, one of the statutory elements relating to the acts enumerated in the statute has been found to exist by the court.

Plaintiff, in the alternative, argues that the defendant performed acts in Minnesota which make jurisdiction proper under two of the instances enumerated in M.S.A. § 543.19. First, relying on an unpublished opinion of Judge Larson, the plaintiff contends that the threat of enforcement of a United States patent against a Minnesota resident was the use of personal property within Minnesota and, thus, satisfied M.S.A. § 543.19, subd. 1(a). See, *Imperial Products, Inc.* v. *Zuro, et al.*, No. 4-70-Cir. 471 (D. Minn. July 1, 1971). The defendant, on the other hand, reasons that the situs of a patent is limited to the residence of its holder—here, Illinois—and that, therefore, there was no ownership, use or possession of the patent in Minnesota. Second, the plaintiff contends that the defendant transacted business in Minnesota by charging the plaintiff with patent infringement and demanding that it cease manufacturing its product. This act, of course, is that enumerated in M.S.A. § 543.19, subd. 1(b). See, in 2, *supra*. The defendant, however, without further reasoning, maintains that this did not constitute the transaction of business in the forum.

We do not find it necessary here to rule on each of the possible grounds for jurisdiction which are asserted by

the plaintiff. Rather, we are convinced the plaintiff's cause of action arose from the defendant's transaction of business in Minnesota and therefore, personal jurisdiction was properly obtained in accordance with M.S.A. § 543.19, subd. 1(b). Our review is accordingly limited, and we express no opinion as to the validity of the other grounds asserted by the plaintiff.

In view of the fact that the Minnesota Supreme Court has indicated that M.S.A. § 543.19 should be interpreted broadly is "afford maximum protection to [the] state's residents injured by acts of nonresidents," *Hunt* v. *Nevada State Bank, supra* at 304, it is proper to employ a liberal construction in determining whether the cause of action has arisen from the transaction of business in Minnesota.

It is undisputed that the plaintiff's action arose directly from the fact that through their attorneys, the defendant and the assignor of its patent advised the plaintiff, by letters received in Minnesota, to refrain from infringing on the "tire bead seater" patent and, further, threatened that a suit for infringement would be brought against the plaintiff if it refused to discontinue the manufacture and sale of its competing product. Irregardless of the validity of the defendant's patent, there is no doubt but that the requests and threats were designed to reduce competition and thereby improve defendant's marketing and economic position. As such, we are convinced that the sending of these letters did, in a very real sense, constitute a transaction of business in Minnesota. Moreover, we note that the defendant is no stranger to Minnesota, and that it had a number of related contacts in the forum. The defendant advertised its products in national publications which were distributed in Minnesota, and it sold a number of its other products to independent distributors located in the state. It maintained "trouble shooters" who were available to

visit the state when necessary to aid users of the firm's products, and the firm also repaired its products though these had to be shipped to the firm's Illinois office for such service. Furthermore, it is significant that prior to the defendant's acquisition of the patent, its assignor had threatened the plaintiff with an infringement suit; that the assignor had sold the disputed product in Minnesota; and that the assignor and the defendant, as well, had discussed the question of licensing the patent with the plaintiff.

The fact that the defendant has, not directly or indirectly[5] sold the "tire bead seater" in the state because it did not wish the plaintiff to be able to obtain jurisdiction over it in this action hardly defeats jurisdiction here. Rather, the extensive contacts, taken together with the admonition of the Minnesota court in *Hunt,* compel the conclusion that service of process was properly made and jurisdiction over the defendant was obtained pursuant to M.S.A. § 543.19, subd. 1(b).

We are also satisfied that the District Court's assumption of personal jurisdiction over the defendant did not violate the defendant's right to due process. See, *Aftanese* v. *Economy Baler Company,* 343 F.2d 187 (8th Cir. 1965). It is evident from the trial court's findings of fact that the quantity, quality and nature of the defendant's contacts with the jurisdiction are essential. The defendant has voluntarily entered into a number of business transactions, including the acquisition of the parent and attempts at enforcement, which it knew would have consequences in the state. Moreover, in view of the defendant's extensive contacts with the forum, we believe that the causes are sufficiently connected with the cause of action to satisfy due

[5] A contrary position is taken in affidavits submitted by the plaintiff which were obtained subsequent to the trial court's decision. However, in view of the time of submission of these affidavits, we shall ignore them on this appeal.

process. See, *Id.*, at 196; 2 J. MOORE, FEDERAL PRACTICE ¶4.25[5] (2d ed 1970). Furthermore, Minnesota most certainly has an interest in providing a forum for a resident who claims that a foreign corporation is attempting to prevent it from manufacturing and marketing its product. This is especially true in the instant case as the defendant has threatened and brought independent actions against a number of the plaintiff's customers and distributors in other states. And finally, while it may be more convenient for the defendant to litigate in Illinois, the convenience of all parties must be considered. No exceptional hardship is suffered by the defendant having to litigate in Minnesota, and we are satisfied that it is in the best interests of all to have the case heard in Minnesota. This, we are convinced that the subjection of the defendant to *in personam* jurisdiction comports with due process.

Affirmed.

A true copy.

Attest:

Clerk, U. S. Court of Appeals, Eighth Circuit.

JUDGMENT

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

No. 73-1022

September Term, 1972

Solar Industries, Inc., a Minnesota corporation,
Appellee,

vs.

B & J Manufacturing Company, an Illinois Corporation,
Appellant.

APPEAL FROM the United States District Court for the ..... District of Minnesota.

THIS CAUSE came on to be heard on the record from the United States District Court for the ..... District of Minnesota and was argued by counsel.

ON CONSIDERATION WHEREOF, it is now here ordered and adjudged by this Court, that the judgment of the said District Court, in this cause, be, and the same is hereby, affirmed.

Aug. 1, 1973

Costs taxed in favor of the Appellee:

Costs of printing 25 copies of Appellee's brief	$209.56
Costs of printing portion of appendix by Appellee	$116.05
Total costs of Appellee for recovery from Appellant in the U. S. District Court	$325.61

A true copy.

Attest.

Robert C. Tucker
Clerk, U. S. Court of Appeals, 8th Circuit.
by W. F. Grueninger, Chief Deputy

ORDER OF COURT OF APPEALS DENYING REHEARING

UNITED STATES COURT OF APPEALS

FOR THE EIGHTH CIRCUIT

No. 73-1022

September Term, 1973

Solar Industries, Inc., a Minnesota Corporation, Appellee, vs. B & J Manufacturing Company, an Illinois Corporation, Appellant.	Appeal from the United States District Court for the District of Minnesota.

The Court having considered petition for rehearing en banc filed by counsel for appellant and, being fully advised in the premises it is ordered that the petition for rehearing en banc be, and it is hereby, denied.

Considering the petition for rehearing en banc as a petition for rehearing, it is ordered that the petition for rehearing also be, and it is hereby, denied.

September 11, 1973

IN THE

Supreme Court of the United States

OCTOBER TERM 1973

No. 73-907

B & J MANUFACTURING COMPANY,

Petitioner,

v.

SOLAR INDUSTRIES, INC.,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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224-7631 — Review Publishing Co., 287 E. 6th St., St. Paul, Minn. 55101 — 224-7631

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IN THE

Supreme Court of the United States

OCTOBER TERM 1973

No. 73-907

B & J MANUFACTURING COMPANY,

Petitioner,

v.

SOLAR INDUSTRIES, INC.,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Respondent, Solar Industries, Inc., denies that a Writ of Certiorari should be granted to review the judgment and opinion of the United States Court of Appeals for the Eighth Circuit entered in the above-entitled cause on August 1, 1973.

STATEMENT OF THE CASE

The petition concerns the Eighth Circuit Court of Appeals' decision holding that personal jurisdiction over the Petitioner was properly obtained in accordance with the Minnesota "long-arm" statute (M.S.A. 543.19, subdivision 1(b)) in that Respondent's cause of action arose from Petitioner's transaction of business in Minnesota; and that to exercise jurisdiction over Petitioner would not violate Petitioner's right to due process.

Respondent disagrees with Petitioner's statement of the case as it contains only a partial recitation of the facts, and incomplete and misleading quotations of the Eighth Circuit Court of Appeals' decision. A better statement of the case is set forth in the opinion of the United States Court of Appeals for the Eighth Circuit (P. pp. A-13 - A-22).[1]

Petitioner, in its statement of the case, implies that the only letter to Respondent charging infringement was by Bruce L. Caulkins, Inc., Petitioner's predecessor in title to the patent in suit. While it is true that Bruce L. Caulkins, Inc., charged Respondent, Solar, with infringement by a letter dated January 5, 1971, it is also true that Petitioner, B & J, after the assignment of the patent from Caulkins to B & J, made an additional charge of infringement by a letter dated July 22, 1971. (Paragraph 2, Petitioner's Answer) This letter is part of the record and referred to at P. p. A-20 of the Circuit Court's opinion.

Petitioner implies that other than the letters and telephone communications its business transactions within the state of Minnesota were sparse and irrelevant to the issue of personal

[1] The reference "P" refers, in this response, to pages of the printed petition.

jurisdiction (P. p. 5). However, they are numerous and relevant. The record shows that Petitioner has "sales service personnel" which travel all over the country, presumably including Minnesota, visiting retread shops to make sure Petitioner's products are performing properly; that Petitioner has sold its line of Rocket rasps, its line of carbide wheels and tools, and its pollution control equipment in Minnesota to at least 6 Minnesota companies in the last 2 years; that Petitioner has made drop shipments in the state of Minnesota for the accommodation of buyers outside of Minnesota; that from July 1969 to November 1971, Petitioner has made sales in excess of $105,000 in the state of Minnesota; that Petitioner maintains a distributor within the state of Minnesota; that Petitioner advertises its products in various national publications which are distributed in Minnesota and that sales have been made in Minnesota as a result of these advertisements in national publications; that Petitioner's products sold in Minnesota are sent to Petitioner's plant in Illinois for needed repairs; and that Petitioner's distributors are provided with certain of Petitioner's catalogs, imprinted with Petitioner's name, address, and various trademarks and trade names to be used in making sales of Petitioner's products in Minnesota. (P. p. A-16)

Petitioner argues in its statement of the case (P. p. 5-6) that the Eighth Circuit Court of Appeals' holding that Petitioner transacted business in the state of Minnesota in accordance with Minnesota's jurisdictional statute and that to exercise jurisdiction would not violate Petitioner's right to due process was based solely on Petitioner's charge of infringement letters. In support of this contention, Petitioner quotes from the Court of Appeals' opinion (P. p. 6). However, Petitioner did not quote completely the Court of Appeals rea-

soning, and the omitted portion of the Circuit Court opinion, following the portion quoted by Petitioner, makes it clear that the Circuit Court was not relying solely on the charge of infringement letters. The importance of the omitted portion of the Court of Appeals' opinion will be discussed more fully in Respondent's argument.

ARGUMENT

I. No Federal Question Presented

Petitioner recites as reasons for granting the Writ that this case raises recurring problems concerning the constitutional dimensions of in personam jurisdiction, and that the Eighth Circuit's decision conflicts with decisions of this Court and decisions of other Courts of Appeal. Neither of those reasons are true in fact; they evidence a contrived but failing effort to come within a provision of Rule 19 of this Court.

Petitioner is seeking to have this Court substitute its application of *McGee*[2] and *Hanson*[3] for that of the Eighth Circuit.

II. This Case Does Not Present a Problem Concerning the Constitutional Dimensions of In Personam Jurisdiction.

Petitioner argues that the decisions in *McGee v. International Life Insurance Co.*, 355 U.S. 220 (1957), and *Hanson v. Denckla*, 357 U.S. 235 (1958), provide different tests in determining whether the exercise of jurisdiction over Petitioner violates Petitioner's right to due process.

While Respondent questions whether there is any sort of a "dichotomy" between *McGee* and *Hanson*, the facts of this

[2] McGee v. International Life Insurance Co., 355 U.S. 220 (1957).
[3] Hanson v. Denckla, 357 U.S. 235 (1958).

case do not raise such a "dichotomy". That is, in applying the facts of this case to either *McGee* or *Hanson*, Petitioner's right to due process has not been violated.

The only facts that Petitioner would have this Court consider in its application of *Hanson* or *McGee* would be what Petitioner calls "letter and telephone communications asserting the patent rights" (P. p. 9). Petitioner's reduction of a demand that Respondent cease manufacturing a product and a threat of a lawsuit to a mere "letter . . . communication . . ." is misleading and unfair.[4] However, more importantly, Petitioner omitted reference to the numerous contacts Petitioner had with the state of Minnesota. Petitioner's quote of the Court of Appeals' opinion (P. p. 6) ends with an emphasized sentence as follows:

> "As such, we are convinced that the sending of these letters did, in a very real sense, constitute a transaction of business in Minnesota."

Immediately following this sentence, and omitted by Petitioner, the Court of Appeals continues at P. p. A-20:

> "*Moreover*, we note that the defendant is no stranger to Minnesota, and that it had a number of related contacts in the forum. The defendant advertised its products in national publications which were distributed in Minnesota, and it sold a number of its other products to independent distributors located in the state. It maintained 'troubleshooters' who were available to visit the state when necessary to aid users of the firm's products, and the firm also repaired its products though these had to be shipped to the firm's Illinois office for such service.

[4] The demand and threat constituted significant business transactions which by themselves would satisfy the Minnesota statute and due process.

Furthermore, it is significant that prior to the defendants acquisition of the patent, its assignor had threatened the plaintiff with an infringement suit; that the assignor had sold the disputed product in Minnesota; and that the assignor and the defendant, as well, had discussed the question of licensing the patent with the plaintiff.

The fact that the defendant has, not directly or indirectly sold the 'tire bead seater' in the state because it did not wish the plaintiff to obtain jurisdiction over it in this action hardly defeats jurisdiction here. *Rather, the extensive contacts, taken together with admonition of the Minnesota Court in Hunt, compel the conclusion that service of process was properly made and jurisdiction over the defendant was obtained pursuant to M.S.A. paragraph 543.19, subd. 1(b).*" (emphasis added)

It seems clear from the above quotation that while the Court of Appeals relied on the charge of infringement letters and the telephone communication between Petitioner and Respondent as a "transaction of business in Minnesota" that it did not rely *solely* on these transactions in arriving at its opinion. Rather, the Court of Appeals reviewed, and properly so, all of the business transactions which Petitioner has had within the state of Minnesota. The Circuit Court carefully reviewed the decisions of the Minnesota Supreme Court involving the proper interpretation to be given to M.S.A. 543.19 subd. 1(b) and arrived at its determination that Petitioner's contacts with the state of Minnesota satisfy the Minnesota statute, and they held that to exercise jurisdiction did not violate Petitioner's right to due process.

When all of the Defendant's contacts with the state of Minnesota are considered it is manifest that Petitioner satisfies

McGee as well as *Hanson*. The Eighth Circuit found the contacts to be in accordance with *Hanson* when at P. p. A-21 the Court stated:

> "The defendant has voluntarily entered into a number of business transactions, including the acquisition of the patent and attempts at enforcement, which it knew would have consequences in the state."

The facts of this case, as applied to *McGee* or *Hanson*, do not present a dichotomy of result. Accordingly, this case is not an appropriate one to clarify the argued "dichotomy" of *McGee* and *Hanson*.

III. The Decision Below Does Not Conflict With Decisions of This Court or Decisions of Other Courts of Appeal.

Petitioner argues that a finding of personal jurisdiction violates Petitioner's right to due process under either *McGee* or *Hanson* in that Petitioner, in telephone and letter communications, was merely complying with the requirements of 35 U.S.C. section 287 which according to Petitioner "demand notice". This is just not true.

Title 35 of United States Code section 287 states:

> "§287. Limitation on damages; marking and notice. Patentees, and persons making or selling any patented article for or under them, may give notice to the public that the same is patented, either by fixing thereon "patent" or the abbreviation "pat.", together with the number of the patent, or when, from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice. In the event of failure so to mark, no damages

shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice."

The statutory requirement is nothing more than a *limitation on damages*, and nothing contained therein *requires* a notice or charge of infringement. Indeed, the patent number on the patented article itself satisfies the statutory requirements and eliminates any need for a charge of infringement letter.

Petitioner's argument that conducting letter and telephone communication could not constitute transacting business seems to fly in the face of this Court's comments in *McGee:*

"Looking back over this long history of litigation a trend is clearly discernable toward expanding the permissible scope of state jurisdictions over foreign corporations and other non-residents. In part this is attributable to the fundamental transformation of our national economy over the years. Today many commercial transactions touch two or more states and may involve parties separated by the full continent. With this increasing nationalization of commerce has come a great increase in the amount of *business conducted by mail* across state lines. At the same time modern transportation and communication have made it much less burdensome for a party sued to defend itself in a state where he engages in economic activity." 355 U.S. at 222-223. (emphasis added)

However, with regard to Petitioner's letter and telephone communications, it is important to note that they contain far more than a mere notification of infringement. They included

the demand to cease manufacturing and the threat of a lawsuit. Notification under 35 U.S.C. 287 would not require demands or threats.

Further, Petitioner's arguments ignore the fact that besides the letter and telephone communications other, more numerous contacts with Minnesota were properly considered in deciding whether Petitioner's right to due process was violated.

It is argued by Petitioner that due process was affected by the fact that the choice of forum belongs to the patentee and in this case Petitioner was not able to select its forum. Petitioner states:

> "The choice of forum for litigation is among the valuable prerogatives of a patentee and is an essential factor in determining whether the patentee can afford a full and fair opportunity to litigate the validity of his patent. *Blonder-Tongue v. University Foundation* 402 U.S. 313, 332-333 (1970). Reaching out and dragging a reluctant patentee into a forum on the basis of the patentee's discharge of the statutory conditions of 35 U.S.C. § 287 amounts to entrapment of the patentee and surely deprives the patentee of the opportunity for forum selection sought to be guaranteed him by the Supreme Court in *Blonder-Tongue, supra.*" (P. p. 11)

However, Petitioner did not point out that the only forum where Petitioner could bring suit against Respondent, Solar, is in United States District Court for the District of Minnesota.

Title 28 U.S.C. 1400 (b) states:

> "28 U.S.C. 1400. Patents and copyrights. * * *
>
> (b) "Any civil action for patent infringement may be brought in the judicial district where the defendant re-

> sides, or where the defendant has committed acts of infringement and has a regular and established place of business."

The residence of a defendant corporation is its state of incorporation. *Fourco Glass Co. v. Transmirra Corp.*, 353 U.S. 222 (1957). The Respondent, Solar, is incorporated only in the state of Minnesota. In addition, Respondent has only one regular and established place of business and that is located in the state of Minnesota. Therefore, any patent infringement action which Petitioner would bring against Solar would of necessity have to be brought in the state of Minnesota in order to satisfy the venue requirements of Title 28 United States Code section 1400.

Finally, Petitioner states that the courts of other jurisdictions have rejected the approach to in personam jurisdiction followed by the Eighth Circuit in the present case. For example, Petitioner refers this court to the Seventh Circuit decision in *Trippe Manufacturing Co. v. Spencer Gifts, Inc.*, 270 F. 2d 821. The *Trippe* case is nothing at all like this case. The only contact with the forum in *Trippe* consisted of the defendant's catalogs. Reference to *Trippe* and other dissimilar Circuit Court cases is a last ditch, futile attempt to comply with Rule 19 of this Court.

CONCLUSION

None of the reasons asserted by Petitioner point to irregularity or error of the Court of Appeals' decision in this case. To the contrary, the decision of the Court of Appeals for the Eighth Circuit is in complete accord with applicable decisions of this Court and other Circuit Courts. Accordingly, the petition should be denied.

Respectfully submitted,

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